



Senate

General Assembly

January Session, 2003

File No. 327

Senate Bill No. 974

Senate, April 14, 2003

The Committee on Human Services reported through SEN. HANDLEY of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING ADMINISTRATIVE ENFORCEMENT OF CHILD SUPPORT ORDERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 52-362d of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 (a) Whenever an order of the Superior Court or a family support
4 magistrate for support of a minor child or children is issued and such
5 payments have been ordered to be made to the state acting by and
6 through the IV-D agency and the person against whom such support
7 order was issued owes past-due support in the amount of five
8 hundred dollars or more, the state shall have a lien on any property,
9 real or personal, in which such person has an interest to enforce
10 payment of such past-due support after first providing such person
11 with notice of intent to place such lien, and an opportunity for a
12 hearing before a hearing officer to contest the amount of such past-due
13 support. The lien for past-due child support shall be secured by the IV-

14 D agency pursuant to procedures contained in the general statutes
15 applicable to the type of property to be secured. Any such lien on real
16 property may, at any time during which the obligor owes the amount
17 of past-due child support secured by such lien, be foreclosed in an
18 action brought in a court of competent jurisdiction by the
19 Commissioner of Social Services in a title IV-D case or by the person to
20 whom the child support is due. [When past-due support is owing both
21 to a family and to the state, the proceeds of the lien shall be applied to
22 the family's current and past-due support first and, when such support
23 is satisfied, to the state's past-due support.] A lien for past-due support
24 arising in any other state shall be given full faith and credit by this
25 state provided such other state has complied with its procedural rules
26 relating to recording or serving of liens.

27 (b) On October 1, 1991, and monthly thereafter, the Department of
28 Social Services shall compile a list of all obligors who owe overdue
29 support in the amount of one thousand dollars or more accruing after
30 the entry of an initial court order establishing a child support
31 obligation. Any overdue support in an amount of one thousand dollars
32 or more shall be subject to the reporting provisions of this section.
33 [unless a court or family support magistrate makes a specific finding
34 that the amount of such overdue support shall not be reported.] The
35 state shall report to any participating consumer reporting agency, as
36 defined in 15 USC 1681a(f), information regarding the amount of such
37 overdue support owed by an obligor if the amount of such overdue
38 support is one thousand dollars or more, on a computer tape in a
39 format acceptable to the consumer reporting agency. Such information
40 shall be reported by the department only after notice has been sent by
41 the department to such obligor of the proposed action, and such
42 obligor is given an opportunity for a hearing before a hearing officer of
43 the department to contest the amount of the alleged arrearage. Any
44 such notice sent to such obligor shall contain a telephone number and
45 address of the Department of Social Services and shall contain the
46 following language in bold type: "If you are no longer in arrears or
47 have received this notice in error, please contact the department at the
48 following address or telephone number." On a monthly basis, the

49 Department of Social Services shall provide to each consumer
50 reporting agency informed of the original arrearage of an obligor
51 updated information concerning any such obligor and the status of
52 payments, including a list of obligors who no longer owe overdue
53 support, in such acceptable computer format. The department shall
54 designate one or more persons in the department to receive telephone
55 or other requests from an obligor or a consumer reporting agency
56 regarding verification of information supplied to a consumer reporting
57 agency. The department shall respond to any such request within five
58 working days of its receipt. Upon satisfactory verification that an
59 obligor is no longer in arrears, the department shall send a statement
60 to such obligor, and such statement shall constitute proof to a creditor
61 that such obligor is no longer in arrears as of the date of the statement.
62 A participating consumer reporting agency which receives such
63 updated information from the department that an obligor no longer
64 owes any overdue support shall record such information within thirty
65 days of receipt of such notification unless the information was in a
66 format which was unusable by the agency or contained an error which
67 prevented the agency from matching the updated information to
68 previously supplied data. Any consumer reporting agency which
69 negligently or wilfully fails to use reasonable efforts to comply with
70 any requirement imposed under this subsection with respect to an
71 obligor shall be liable to such obligor in an amount equal to the sum of
72 (1) any actual damages sustained by the obligor as a result of such
73 failure, and (2) a reasonable attorney's fee as determined by the court.

74 (c) [The Connecticut Lottery Corporation,] When any person
75 redeems a winning lottery ticket worth five thousand dollars or more,
76 at the central office of the Connecticut Lottery Corporation, the
77 Connecticut Lottery Corporation shall check the name and other
78 identifying information of such person against a list of obligors
79 supplied by the Commissioner of Social Services. If such person is
80 included on the list of obligors, the Connecticut Lottery Corporation
81 shall request confirmation from the Commissioner of Social Services
82 that such person is in fact an obligor, and upon notification by the
83 Commissioner of Social Services that money is due from any such

84 person as a result of a claim for support which has been assigned to the
85 state pursuant to section 17b-77, or is to be paid to the state acting by
86 and through the IV-D agency, the Connecticut Lottery Corporation
87 shall withhold from any lottery winnings payable to such person
88 under the provisions of chapter 226 or chapter 229a the amount of such
89 claim for support owed to an individual for any portion of support
90 which has not been assigned to the state and then the amount of such
91 claim for support owed to the state, provided the Connecticut Lottery
92 Corporation shall notify such person that (1) lottery winnings have
93 been withheld as a result of the amount due for such support, and (2)
94 such person has the right to a hearing before a hearing officer
95 designated by the Commissioner of Social Services if such person
96 contests the amount of the alleged claim for support. The Connecticut
97 Lottery Corporation shall pay such persons in accordance with any
98 decisions of the hearing officer or the court upon appeal of the hearing
99 officer's decision.

100 (d) Whenever an order of the Superior Court or a family support
101 magistrate of this state, or an order of another state that has been
102 registered in this state, for support of a minor child or children is
103 issued and such payments have been ordered through the IV-D
104 agency, and the obligor against whom such support order was issued
105 owes overdue support under such order in the amount of five hundred
106 dollars or more, the IV-D agency, as defined in subdivision (12) of
107 subsection (b) of section 46b-231, or Support Enforcement Services of
108 the Superior Court may notify (1) any state or local agency with
109 authority to distribute benefits to such obligor including, but not
110 limited to, unemployment compensation and workers' compensation,
111 (2) any person having or expecting to have custody or control of or
112 authority to distribute any amounts due such obligor under any
113 judgment or settlement, (3) any financial institution holding assets of
114 such obligor, and (4) any public or private entity administering a
115 public or private retirement fund in which such obligor has an interest
116 that such obligor owes overdue support in a IV-D support case. Upon
117 receipt of such notice, such agency, person, institution or entity shall
118 withhold delivery or distribution of any such benefits, amounts, assets

119 or funds until receipt of further notice from the IV-D agency.

120 (e) In IV-D cases in which a notice is sent pursuant to subsection (d)
121 of this section, the IV-D agency shall notify the obligor that such
122 benefits, amounts, assets or funds have been withheld as a result of
123 overdue support in a IV-D support case in accordance with an order of
124 the Superior Court or family support magistrate of this state, or an
125 order of another state that has been registered in this state. The IV-D
126 agency shall further notify the agency, person, institution or entity to
127 whom notice was sent pursuant to subsection (d) of this section as
128 follows: (1) Upon expiration of the time for requesting a hearing
129 specified in section 17b-60, to make payment to the state from any such
130 benefits, amounts, assets or funds withheld in accordance with
131 subsection (d) of this section [to satisfy such overdue support and any
132 current support obligation] provided, in the case of retirement funds,
133 such payment shall only be made in accordance with a withholding
134 order issued under section 52-362 when the obligor is entitled to
135 receive retirement benefits from such fund; (2) upon payment of such
136 overdue support by such obligor, to release or distribute, as
137 appropriate, such benefits, amounts, assets or funds to such obligor; or
138 (3) upon issuance of a decision by the hearing officer or the court upon
139 appeal of such officer's decision, to take such other action as may be
140 ordered by such officer or such court, and such agency, person,
141 institution or entity shall forthwith comply with such notice received
142 from the IV-D agency.

143 (f) [When overdue support is] Support collected pursuant to this
144 section [and overdue support is owing both to a family and to the
145 state, the proceeds collected pursuant to subsection (e) of this section
146 shall be applied to the family's overdue support first and, when the
147 family's overdue support is satisfied, to the state's overdue support]
148 shall be distributed as required by Title IV-D of the Social Security Act.

149 (g) The Commissioner of Social Services shall adopt regulations, in
150 accordance with chapter 54, setting forth procedures providing for
151 adequate notice of (1) the right to a hearing before a hearing officer,

152 and (2) procedures for a fair hearing for any person alleged by the
153 commissioner to owe past-due or overdue child support to the state, or
154 to an individual when the payments have been ordered payable to the
155 state acting by and through the IV-D agency, if the commissioner has
156 filed a lien on the property of such person or claimed an offset against
157 money payable by the state to enforce a claim for payment of such
158 past-due or overdue support, or intends to seize any benefits, amounts,
159 assets or funds withheld in accordance with subsection (d) of this
160 section or report such overdue support to a consumer credit agency.

161 Sec. 2. Subsection (c) of section 52-362e of the general statutes is
162 repealed and the following is substituted in lieu thereof (*Effective*
163 *October 1, 2003*):

164 (c) [When past-due support is] Support collected pursuant to
165 [subsection (b) of] this section [and past-due support is owing both to a
166 family and to the state, the proceeds collected shall be applied to the
167 family's overdue support first and, when the family's overdue support
168 is satisfied, to the state's overdue support] shall be distributed as
169 required by Title IV-D of the Social Security Act.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>
Sec. 2	<i>October 1, 2003</i>

HS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Department of Social Services	GF - Revenue Gain	Potential	Potential
Judicial Department	GF - Revenue Gain	Potential Significant	Potential Significant

Municipal Impact: None

Explanation

This bill makes several changes to the state's child support enforcement statutes. First, the bill requires arrearages in excess of \$1,000 to be forwarded to credit reporting agencies. (Under current law, judges may exempt cases from this reporting.) Next, the bill authorizes the support enforcement services of the Judicial Department and the Department of Social Services (DSS) to seize funds to satisfy support obligations when a child support order from another state is registered in Connecticut. The bill also allows DSS to seize lump-sum lottery winnings to satisfy overdue support obligations. Finally, the bill removes a statutory formula for distributing intercepted funds and brings makes such remedies consistent with federal law.

The enforcement provisions of this bill may result in a workload increase for both the Judicial Department and DSS. However, it is anticipated that any additional responsibilities can be handled within existing staff and will not require additional appropriations. These provisions may result in additional revenue under both departments.

OLR Bill Analysis

SB 974

**AN ACT CONCERNING ADMINISTRATIVE ENFORCEMENT OF
CHILD SUPPORT ORDERS****SUMMARY:**

This bill makes several changes in the child support collection procedures for the Department of Social Services (DSS) child support enforcement program. They apply only to families who are or have been involved in a state's child support enforcement system (sometimes referred to as "IV-D" cases). The bill:

1. eliminates a statutory formula for distributing intercepted funds (IV-D cases only);
2. mandates credit reporting of child support arrearages of \$1,000 or more, eliminating court discretion to grant exceptions;
3. establishes a mechanism permits DSS to seize lump-sum lottery winnings to satisfy overdue support obligations; and
4. extends DSS's and the Judicial Department's Support Enforcement Services' authority to seize property of delinquent obligors to interstate cases.

EFFECTIVE DATE: October 1, 2003

DSS CHILD SUPPORT ASSIGNMENTS AND LIENS

By law, people applying for state assistance programs that DSS administers must assign their child support rights to the department. The department also has a lien on the property of any obligor who owes more than \$500 in past due support (\$150 in the case of federal income tax refunds) when the child's parent or guardian has sought enforcement assistance from the DSS's Bureau of Child Support Enforcement. And it is authorized to enforce liens established under other states' child support laws when the support order is registered here and the obligor has property in Connecticut.

Seizing Property in Interstate Child Support Cases

The bill authorizes child support enforcement personnel working for DSS or the Judicial Department to notify state or local agencies that distribute cash benefits, attorneys, financial institutions, and pension fund administrators about an obligor's child support delinquency when an order from another state is registered here and to seize such funds as required to satisfy his support obligations. Current notification law explicitly authorizes this only for support orders issued by Connecticut courts. As is currently the case for in-state cases, obligors whose Connecticut creditors are notified of their obligations under the bill are entitled to notice and an administrative hearing before their funds are paid over to the state.

Seizing Lottery Winnings

The bill requires the Connecticut Lottery Corporation (CLC) to check a DSS-supplied list of delinquent child support obligors before paying out lump sum winnings of \$5,000 or more. If the name or other identifying information about the person redeeming the lottery ticket is on the list, it must ask DSS to confirm that the person is an obligor. Upon confirmation, it must withhold from the winnings the amount of support owed and notify the person of its reasons for doing so and that he is entitled to a DSS hearing to contest the amount of the alleged claim for support.

CLC currently withholds past due support from winnings it pays out over time when notified by DSS to do so.

Fund Allocation

When DSS intercepts funds or forecloses on liens and past due support is owed both to the family and the state, current law directs the agency to apply the proceeds to the family's current and past due support first. Any amount left over goes to reimburse the state for past-due support. The bill eliminates this formula, directing DSS instead to distribute it as required by Title IV-D of the federal Social Security Act. Federal law and regulations already require DSS to distribute these funds in accordance with IV-D requirements, and the bill would codify this requirement in state law.

CREDIT REPORTING

By law, DSS sends credit reporting agencies monthly lists of people who are more than \$1,000 behind in their support payments after giving obligors notice and an opportunity to contest the overdue amount. Currently, judges and family support magistrates may exempt specific cases from the reporting mandate. The bill eliminates this discretion.

BACKGROUND

Related Bills

SB 973 makes many changes in DSS's child support enforcement program. sHB 6489 enhances court child support enforcement powers.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Report

Yea 18 Nay 0